

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 593 by Representative Billiot

LOCAL FINANCE/INVESTMENT: Provides with respect to the investment in bonds by political subdivisions

Synopsis of Senate Amendments

1. Provides that the three year limitation on the maturity of debt shall not apply to funds held by a third party custodian in connection with a bond issue or to investment of funds by a hospital service district, a governmental 501(c)(3), or a public trust authority.

Digest of Bill as Finally Passed by Senate

Present law authorizes municipalities, parishes, school boards, and other political subdivisions to invest available monies in certain types of investment vehicles. Subject to certain restrictions, these authorized investments include but are not limited to:

- (1) U.S. Treasury obligations.
- (2) Bonds, notes, etc., backed by the full faith and credit of the U.S.
- (3) Bonds, notes, etc., issued or guaranteed by U.S. government instrumentalities.
- (4) Direct security purchase agreements.
- (5) Certificates of deposit.
- (6) Mutual or trust fund institutions.

Proposed law retains present law and further authorizes political subdivisions to invest in debt instruments issued by the state or its political subdivisions.

Proposed law requires that the investments meet a certain minimum national investment grade rating. Further requires that the debt instruments have a final maturity of three years or less unless the funds are held by a third party custodian in connection with a bond issue or the invested funds are held by a hospital service district, a governmental 501(c)(3), or a public trust authority. Proposed law also prohibits a political subdivision from buying its own debt.

(Adds R.S. 33:2955(A)(1)(j))